

# A Guide to Protection Planning



*Creating, Growing, Preserving  
and Protecting your Wealth*



# A Guide to Protection Planning

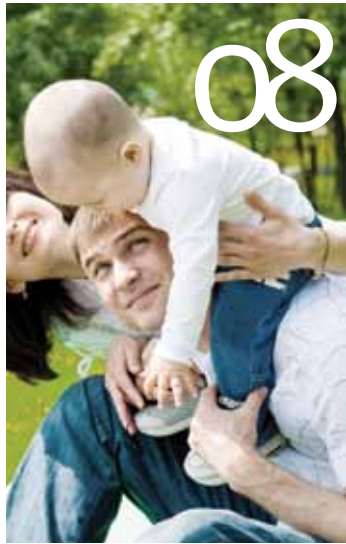
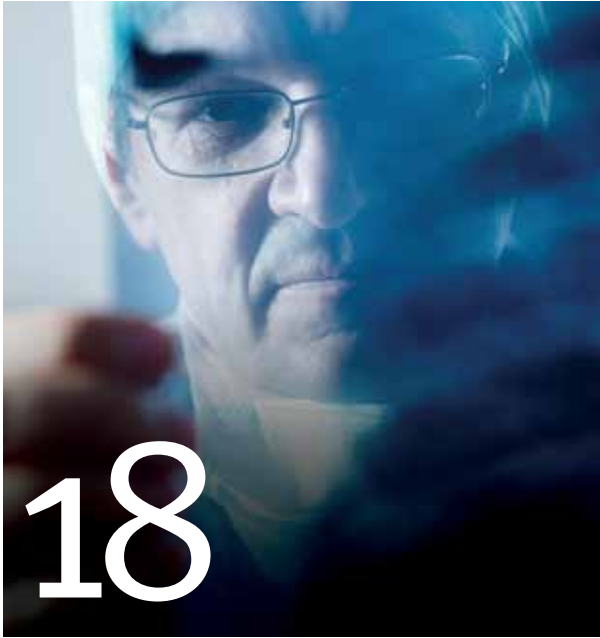
Welcome to 'A Guide to Protection Planning'. Putting in place a successful protection strategy should protect both you and your family's lifestyle if your income suddenly changes due to premature death or illness. It can also provide valuable protection for your business at a time when cash is most needed. But with so many different options available, we understand you may find it difficult to know what protection solutions best meet your requirements.

Our guide considers the importance of the structures you place around the ownership, management and distribution of your assets, which can have lasting consequences for you, your family and business. We can help you find the right solutions to protect your assets and offer your family and business lasting benefits.

Obtaining professional advice is essential to make an informed decision about the most suitable sum assured, premium, terms and payment provisions. We can help you create a tailored protection strategy that meets your financial goals and needs and we're committed to ensuring that you enjoy the best financial planning service available.

As part of our service we also take the time to understand your unique needs and circumstances so that we can provide you with the most suitable protection solutions in the most cost-effective way. If you would like to discuss the range of protection services we offer, please contact us for further information. ■

Content of the articles featured in this 'A Guide to Protection Planning' is for your general information and use only and is not intended to address your particular requirements. They should not be relied upon in their entirety and shall not be deemed to be, or constitute, advice. Although endeavours have been made to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No individual or company should act upon such information without receiving appropriate professional advice after a thorough examination of their particular situation. We cannot accept responsibility for any loss as a result of acts or omissions taken in respect of any articles. Thresholds, percentage rates and tax legislation may change in subsequent Finance Acts.



To obtain further information, please contact us.



16



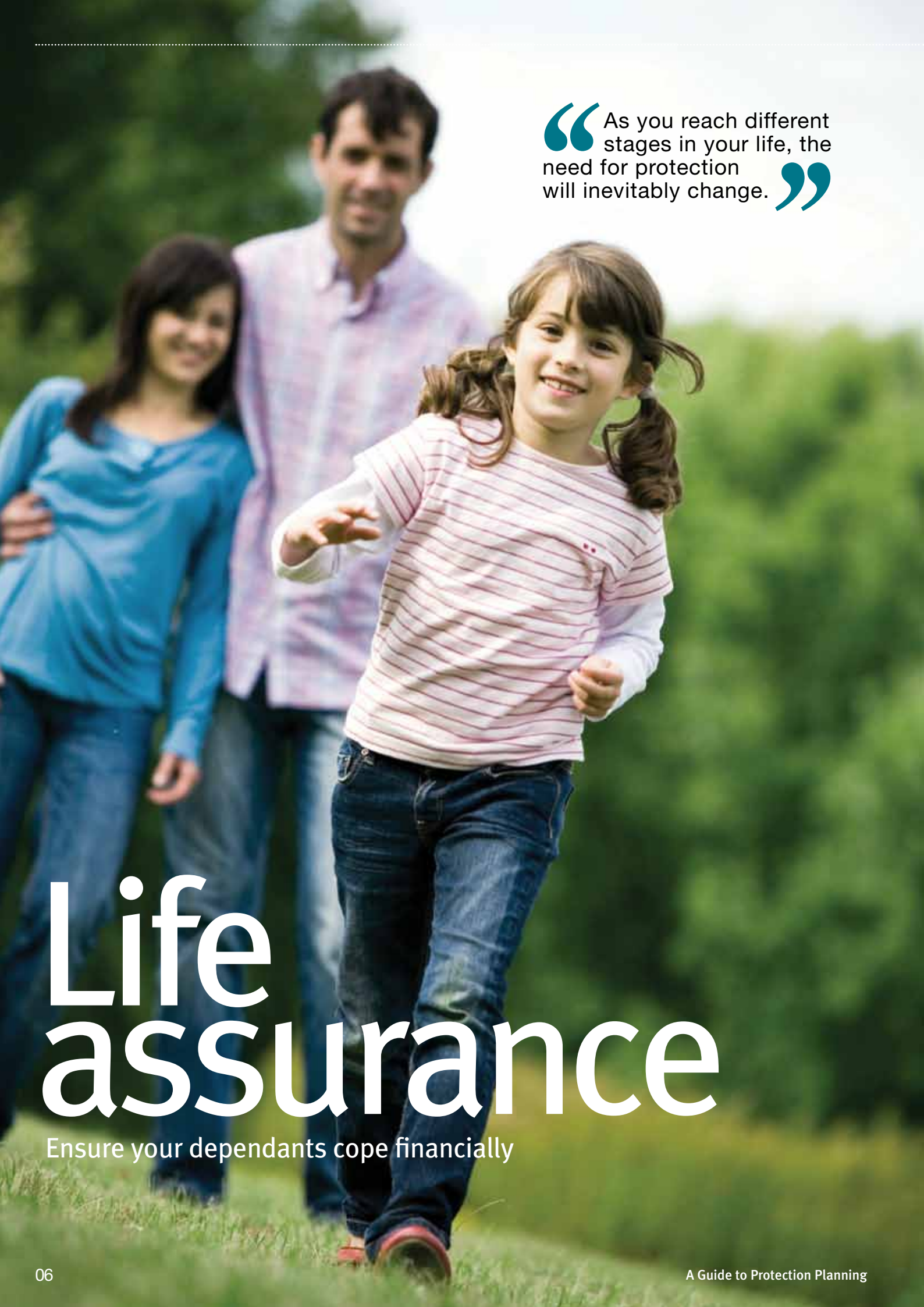
26



10

## Contents...

<b>WELCOME</b>	03
<b>LIFE ASSURANCE</b> Ensure your dependants cope financially	06
<b>TERM ASSURANCE</b> The simplest and cheapest form of life assurance	08
<b>PENSION TERM ASSURANCE</b> Using the rules for pension schemes to provide life assurance	10
<b>WHOLE-OF-LIFE ASSURANCE</b> When protection is required throughout your life	11
<b>CRITICAL ILLNESS COVER</b> Protection for the unexpected	12
<b>INCOME PROTECTION INSURANCE</b> Sustaining a regular income	14
<b>LONG-TERM CARE</b> Paying for the cost of care	16
<b>HEALTH CASH PLANS</b> Providing cash sums towards everyday healthcare bills	18
<b>INHERITANCE TAX PLANNING</b> Protecting your assets	19
<b>FINANCIAL REASONS TO MAKE A WILL</b> Putting it off could mean that your spouse receives less	20
<b>MINIMISING AN INHERITANCE TAX LIABILITY</b> Passing assets to beneficiaries using a trust	22
<b>BUSINESS PROTECTION</b> Protecting key employees	24
<b>FINANCIAL PROTECTION FOR YOU AND YOUR FAMILY</b> With the abundance of choice, we can help you make the right decisions	25
<b>GLOSSARY</b> The language of protection	26



“ As you reach different stages in your life, the need for protection will inevitably change. ”

# Life assurance

Ensure your dependants cope financially

Life assurance helps your dependants to cope financially in the event of your premature death. When you take out life assurance you set the amount you want the policy to pay out should you die prematurely - this is called the 'sum assured'. Even if you consider that you currently have sufficient life assurance, you'll probably need more later on if your circumstances change. If you don't update your policy as key events happen throughout your life, you may risk being seriously under-insured.

As you reach different stages in your life, the need for protection will inevitably change. These are some of the events when you should review your life assurance requirements:

- Buying your first home with a partner
- Having other debts and dependents
- Getting married or entering into a civil partnership
- Starting a family
- Becoming a stay-at-home parent
- Having more children
- Moving to a bigger property
- Salary increases
- Changing your job
- Reaching retirement
- Relying on someone else to support you
- Personal guarantee for business loans

Your life assurance premiums will vary according to a number of different factors, including the sum assured and the length of your policy (its 'term'), plus individual lifestyle factors such as your

age, occupation, gender, state of health and whether you smoke.

If you have a spouse, partner or children, you should have sufficient protection to pay off your mortgage and any other liabilities. After that, you may need life assurance to replace at least some of your income. How much money a family needs will vary from household to household so, ultimately, it's up to you to decide how much money you would like to leave your family that would enable them to maintain their current standard of living.

There are two basic types of life assurance, 'term' and 'whole-of-life', but within those categories there are different variations.

Term assurance in its simplest form pays out a specified amount of life cover if you die within a selected period of years. If you survive, it pays out nothing. It is a cost-effective way of buying the cover you need.

Whole-of-life assurance provides cover for as long as you live. Since the policy must eventually pay out, it may build up an investment element that you can cash in by surrendering the policy. However, it could take many years for a surrender value to build up. A variation called a 'maximum protection policy' enables you to buy a higher level of cover at a premium that is initially lower. Whole-of-life insurance is also available without an investment element and with

guaranteed premiums from some providers.

If you have young children, you should cover yourself until they are financially independent, which usually comes after they have left school or university and are earning their own money.

Although the proceeds from a life assurance policy are tax-free, it could form part of your estate and become liable to Inheritance Tax (IHT). The simple way to avoid IHT on the proceeds is to place your policy into an appropriate trust, which enables any payout to be made directly to your dependants. Certain kinds of trusts allow you to control what happens to your payout after death and this could speed up a payment. However, they cannot be used for life assurance policies that are assigned to (earmarked for) your mortgage lender.

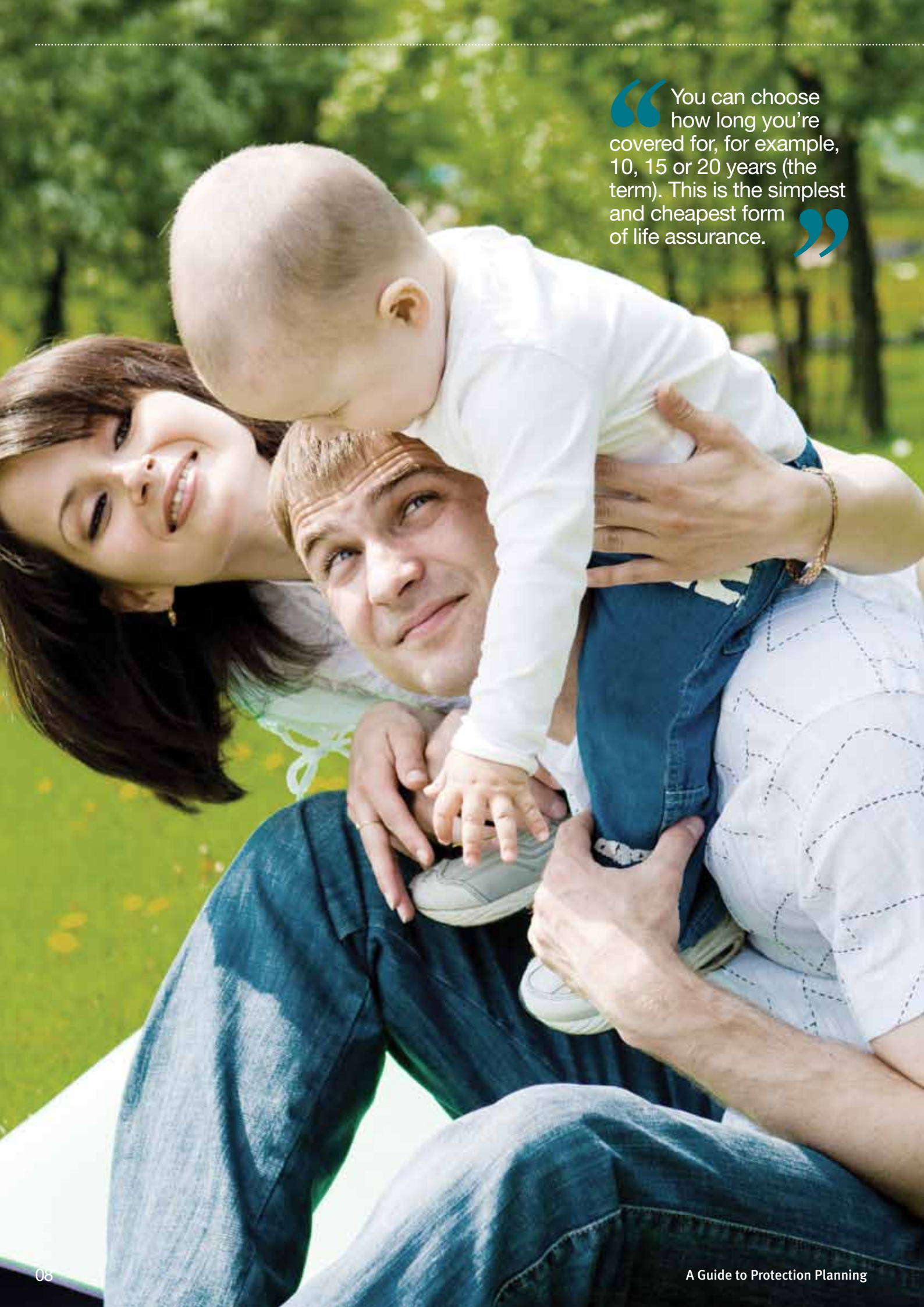
Generally speaking, the amount of life assurance you may need should provide a lump sum which is sufficient to remove the burden of any debts and, ideally, leave enough left over to invest to provide an income to support your dependants for the required period of time.

The first consideration is to clarify what you want the life assurance to protect. If you simply want to cover your mortgage, then an amount equal to the outstanding mortgage debt can achieve that.

However, if you want to prevent your family from being financially disadvantaged by your premature death and provide enough financial support to maintain their current lifestyle, there are a few more variables you should consider.

- What are your family expenses and how would they change if you died?
- How much would the family expenditure increase on things like childcare if you were to die?
- How much would your family income drop if you were to die?
- How much cover do you receive from your employer or occupational pension scheme and for how long?
- What existing policies do you have already and how far do they go to meeting your needs?
- How long would your existing savings last?
- What state benefits are there that could provide extra support to meet your family's needs?
- How would the return of inflation to the economy affect the amount of your cover over time? ■

**NEED MORE INFORMATION?**  
PLEASE CONTACT US WITH YOUR ENQUIRY.



“ You can choose how long you’re covered for, for example, 10, 15 or 20 years (the term). This is the simplest and cheapest form of life assurance. ”

# Term assurance

## The simplest and cheapest form of life assurance

Term assurance provides cover for a fixed term with the sum assured payable only on death. You can choose how long you're covered for, for example, 10, 15 or 20 years (the term). This is the simplest and cheapest form of life assurance.

There are no investment benefits or payments on survival. Premiums are based primarily on the age and health of the life assured, the sum assured and the policy term. The older the life assured or the longer the policy term the higher the premium will generally be.

Term assurance policies can be written on a single life, joint life (first or second death) or life-of-another basis. You must have a financial interest in the person that you are insuring when taking out any life of another policy and the provider may require proof of this before cover is given.

### There are several types of term assurance:

**Level term** - this offers the same payout throughout the life of the policy, so your dependants would receive the same amount whether you died on the first day after taking the policy out or the day before it expired. This tends to be used in conjunction with an interest-only mortgage, where the debt has to be paid off only on the last day of the

mortgage term. With level term assurance, premiums are fixed for the duration of the term and a payment will only be made if a death occurs during the period of cover. A level term assurance, policy is taken out for a fixed term. This type of term assurance policy can also be useful for providing security to dependants up to a certain age.

**Decreasing term** - the cash payout reduces by a fixed amount each year, ending up at zero by the end of the term. Because the level of cover falls during the term, your premiums on this type of policy are lower than on level policies. This cover is often bought to run alongside repayment mortgages, where the debt reduces during the mortgage term. This type of term assurance is less expensive than level term assurance.

**Increasing term** - the potential payout increases by a small amount each year. This can be a useful way of protecting your initial sum assured during periods of rising inflation.

**Index linked term** - some insurers provide you with the option for the premium to be increased each year in relation to the Retail Price Index.

**Convertible term** - you have the option to convert in the

future to another type of life assurance such as a 'whole of life' or endowment policy without having to submit any further medical evidence. This conversion option allows you to adapt your plan if your circumstances change. You can convert (usually within certain limits) part or all of your life assurance cover at any time during the term. And, importantly, you won't be asked any health questions at the date of conversion.

If the level of cover you selected at the start remains the same, then the premiums will too. If you survive the policy term without any conversion of the plan there will be no payout. As this type of policy only provides cover in the event of death (plus the option to convert), there is no surrender value. So if, you stop paying the premiums at any time, your cover would cease immediately and you would not receive any money back.

**Renewable term** - some term assurances are 'renewable' in that, on the expiry date, there is an option for you to take out a further term assurance at ordinary rates without providing evidence of your health status, as long as the expiry date is not beyond a set age, often 65. Each subsequent policy will have the same option, provided the expiry date is not beyond the limit set by the life office.

**Family income benefit** - instead of paying a lump sum, this offers your dependants a regular income from the date of your premature death until the end of the policy term. This is one of the least expensive forms of cover and differs from most other types in that it is designed to pay the benefit as an income rather than a lump sum. In the event of a claim, income can be paid monthly, quarterly or annually and under current rules the income is tax-free. To ensure that income payments keep pace with inflation you can usually have them increased as inflation rises. It's also possible to take a cash sum instead of the income option upon death.

Family income benefit can also include critical illness cover, which is designed to pay the selected income if you are diagnosed with a critical illness within the chosen term. It is a fixed term and you won't be able to increase your cover or extend the term. If you become ill towards the end of the term (duration of your policy) you might not be able to obtain further cover. ■

**NEED MORE INFORMATION?**  
PLEASE CONTACT US  
WITH YOUR ENQUIRY.



# Pension term assurance

## Using the rules for pension schemes to provide life assurance

Pension term assurance is a type of term assurance that uses the rules for pension schemes to provide life assurance. You do not have to pay any of your contributions towards an income at retirement; instead contributions can be paid to provide life assurance cover.

This type of term assurance may have an impact on any other pension arrangements you have or take out. Stand-alone pension term assurance is term assurance that uses the rules for pension schemes to provide life assurance. You do

not have to pay any pension contributions and you can just take out life assurance.

Stand-alone pension term assurance pays out on your death. It will not give you an income in retirement. Changes to the tax rules in 2007 have resulted in stand-alone pension term assurance no longer having a tax advantage over ordinary term assurance products. However, pension term assurance policies in force before 31 July 2007 still receive tax relief on their premiums. Switching to an ordinary term assurance will mean you lose this tax advantage.

If you have an existing policy where you can increase your cover by paying higher premiums, you will still receive tax relief on those increased premiums. However, if your policy doesn't include this option, you will not be able to increase the cover and receive tax relief on the higher premiums. ■

**NEED MORE INFORMATION?**  
PLEASE CONTACT US WITH YOUR ENQUIRY.



# Whole-of-life assurance

## When protection is required throughout your life

Whole-of-life assurance policies, as the name suggests, remain in force right throughout your life. This means the insurance company will have to pay out in almost every case and premiums are therefore higher than those charged on term assurance policies.

There are different types of whole-of-life assurance policies – some offer a set payout from the outset, others are linked to investments and the payout will depend on performance. Investment-linked policies are either unit-linked policies, linked to funds, or with-profits policies, which offer bonuses.

Whole-of-life assurance policies pay a lump sum to your estate when you die. This could be used by your family in whatever way suits them best, such as providing for an inheritance, paying for funeral costs and even forming part of an Inheritance Tax planning strategy.

Some whole-of-life assurance policies require that premiums are paid all the way up to your death. Others become paid-up at a certain age, and waive premiums from that point onwards.

Whole-of-life assurance policies can seem attractive because most (but not all) have an investment element and therefore a surrender value. If, however, you cancel the policy and cash it in you will lose your cover. Where there is an investment element, your premiums are usually reviewed after ten years and then every five years.

Whole-of-life assurance policies are also available without an investment element and with guaranteed or investment-linked premiums from some providers.

### REVIEWS

The level of protection selected will normally be guaranteed for the first ten years at which point it will be reviewed to see how much protection can be provided in the future. If the review shows that the same level of protection can be carried on it will be guaranteed to the next review date.

**If the review reveals that the same level of protection can't continue you'll have two choices:**

- Increase your payments
- Keep your payments the same and reduce your level of protection

### MAXIMUM COVER

Maximum cover offers a high initial level of cover for a lower premium until the first plan review, which is normally after ten years. The low premium is achieved because very little of your premium is kept back for investment, as most of it is used to pay for the life assurance.

After a review you may have to significantly increase your premiums to keep the same level of cover, as this depends on how well the cash in the investment reserve (underlying fund) has performed.

### STANDARD COVER

This cover balances the level of life assurance with adequate investment to support the policy in later years. This maintains the original premium throughout the life of the policy. However, this relies on the value of units invested in the underlying fund growing at a certain level each year. Increased charges or poor performance of the fund could mean you'll have to increase your monthly premium to keep the same level of cover. ■

# Critical illness cover

## Protection for the unexpected

Critical illness cover is a long-term insurance policy designed to pay you a tax-free lump sum on the diagnosis of certain specified life-threatening or debilitating (but not necessarily fatal) conditions such as some forms of heart attack, stroke, certain types/stages of cancer, multiple sclerosis and loss of limbs. A more comprehensive policy will cover many more serious conditions including loss of sight, permanent loss of hearing and a total and permanent disability that stops you from working. Some policies also provide cover against the loss of limbs.

But not all conditions are necessarily covered. In May 2003, insurers adopted new rules set by the Association of British Insurers that tightened the conditions under which you could claim on critical illness insurance policies.

If you are single with no dependants, critical illness cover can be used to pay off your mortgage, which means that you would have fewer bills or a lump sum to use if

you became very unwell. And if you are part of a couple, it can provide the much needed financial support at a time of emotional stress.

The illnesses covered are specified in the policy along with any exclusions and limitations, which may differ between insurers. Critical illness policies usually only pay out once, so are not a replacement for income. Some policies offer combined life and critical illness cover. These pay out if you are diagnosed with a critical illness, or you die, whichever happens first.

If you already have an existing critical illness policy, you might find that by replacing a policy you would lose some of the benefits if you have developed any illnesses since you took out the first policy. It is important to seek professional advice before considering replacing or switching your policy, as pre-existing conditions may not be covered under a new policy.

Some policies allow you to increase your cover, particularly after lifestyle changes such

as marriage, moving home or having children. If you cannot increase the cover under your existing policy, you could consider taking out a new policy just to 'top up' your existing cover.

A policy will provide cover only for conditions defined in the policy document. For a condition to be covered, your condition must meet the policy definition exactly. This can mean that some conditions, such as some forms of cancer, won't be covered if deemed insufficiently severe.

Similarly, some conditions will not be covered if you suffer from them after reaching a certain age, for example, many policies will not cover Alzheimer's disease if diagnosed after the age of 60.

Very few policies will pay out as soon as you receive diagnosis of any of the conditions listed in the policy and most pay out only after a 'survival period', which is typically 28 days. This means that if you die within 28 days of meeting the definition of the critical illness

given in the policy, the cover would not pay out.

How much you pay for critical illness cover will depend on a range of factors including what sort of policy you have chosen, your age, the amount you want the policy to pay out and whether or not you smoke.

Permanent total disability is usually included in the policy. Some insurers define permanent total disability as being unable to work as you normally would as a result of sickness, while others see it as being unable to independently perform three or more 'Activities of Daily Living' as a result of sickness or accident.

### Activities of Daily Living include:

- Bathing
- Dressing and undressing
- Eating
- Transferring from bed to chair, and back again

### NEED MORE INFORMATION?

PLEASE CONTACT US WITH YOUR ENQUIRY.



“ How much you pay for critical illness cover will depend on a range of factors including what sort of policy you have chosen, your age, the amount you want the policy to pay out and whether or not you smoke. ”



“ Income protection insurance aims to put you back to the position you were in before you were unable to work. ”

# Income protection insurance

## Sustaining a regular income

Income protection insurance, formerly known as permanent health insurance, is designed to help protect you, your family and your lifestyle in the event that you cannot cope financially due to an illness or accidental injury preventing you from working. Without a regular income, you may find that you would struggle financially, even if you were ill for only a short period, and you could end up using your savings to pay the bills.

If you were to suffer from a serious illness, medical condition or accident, you could also find that you would never be able to return to work. Few of us could cope financially if we were off work for more than six to nine months.

By law, your employer must pay most employees statutory sick pay for up to 28 weeks. This will almost certainly be a lot less than your full earnings. Few employers pay for longer periods. If you find yourself in a situation where you are unable to return to work, your employer could even stop paying you altogether and terminate your employment. After that, you would probably have to rely on state benefits. Some employers arrange group income protection insurance for their employees, which can pay out an income after the statutory sick period.

Income protection insurance aims to put you back to the position you were in before you were unable to work. It pays a regular tax-free monthly income. It does not allow you to make a profit out of your misfortune. So the maximum amount of income you can replace through insurance is broadly the after-tax earnings you have lost less an

adjustment for state benefits you can claim. This is usually translated into a maximum of 50 per cent to 65 per cent of your before-tax earnings.

If you are self-employed, then no work is also likely to mean no income. However, depending on what you do, you may have income coming in from earlier work, even if you are ill for several months. The self-employed can take out individual policies rather than business ones, but you need to ascertain on what basis the insurer will pay out. A typical basis for payment is your pre-tax share of the gross profit, after deduction of trading expenses, in the 12 months immediately prior to the date of your incapacity. Some policies operate an average over the last three years, as they understand that self-employed people often have a fluctuating income.

The cost of your cover will depend on your gender, age, state of health and whether or not you smoke.

**You can also usually choose for your cover to remain the same (level cover) or increase in line with inflation (inflation-linked cover):**

**Level cover** - with this cover, if you made a claim the monthly income would be fixed at the start of your plan and does not change in the future. You should remember that this will mean if inflation eventually starts to rise this may reduce the buying power of your monthly income payments over time.

**Inflation-linked cover** - with this cover, if you made a claim the monthly income would go up in line with the Retail Prices Index (RPI).

**When you take out cover you usually have the choice of:**

**Guaranteed premiums** - the premiums remain the same all the way throughout the term of your plan. If you have chosen inflation-linked cover your premiums and cover will automatically go up each year in line with RPI.

**Reviewable premiums** - this means the premiums you pay can increase or decrease in the future. The premiums will not typically increase or decrease for the first five years of your plan, but they may do so at any time after that. If your premiums do go up, or down, they will not change again for the next 12 months.

How long you have to wait after making a claim will depend on the waiting period. You can usually choose from between 1, 2, 3, 6, 12 or 24 months. The longer the waiting period you choose the lower the premium for your cover will be, but you'll have to wait longer after you become unable to work before the payments from the policy are paid to you. Premiums must be paid for the entire term of the plan, including the waiting period.

Depending on your circumstances, it is possible that the payments from the plan may affect any state benefits due to you. This will depend on your individual situation and what state benefits you are claiming or intending to claim. If you are unsure whether any state benefits you are receiving will be affected, you should seek professional advice. ■



# Long-term care

## Paying for the cost of care

Long-term care may be required if you become ill or suffer a disability that makes you unable to carry out your usual activities of daily living, with the probability that this disability will continue over a long period. More often than not, it is the elderly who require care over the longer term and it is typically occasioned by either increasing frailty due to ageing or the chronic aftermath of acute conditions such as a stroke or a fall.

Long-term care may also be required if a person is mentally impaired. The most common form of impairment for elderly people is dementia, and a common form of dementia is Alzheimer's Disease. A person suffering from dementia will need personal supervision and assistance to carry out their normal daily activities.

The care required can take many forms, from simple domestic assistance to medical interventions and may be

provided in a care home or in the person's own home. Many people would have hoped the National Health Service (NHS) would look after them. But the NHS no longer covers all the costs associated with the care of incurable conditions in old age. Instead you may be forced to buy 'insurance' to pay out if nursing or residential care at a later stage is needed.

Since the Community Care Act, which was passed in 1990 and took effect in 1993, that task has been transferred to Local Authorities. The NHS will only provide and/or pay for the Nursing Care service component of a person's long-term care service needs. All other costs and services associated with long-term care are the care recipient's responsibility unless they qualify for Local Authority assistance. However, in Scotland Free Personal Care has been available from July 2002.

Anyone currently with assets of more than £23,000 will be expected to pay for their care needs. In most cases, the value of any property owned will be included within this sum.

However, there are certain circumstances in which the home is excluded. And those with the foresight to plan in advance may want to make sure they can take advantage of this, particularly if their remaining assets are less than the £23,000 limit.

A property will automatically be ignored if a surviving spouse or partner lives there. This rule extends to other relatives aged 60 or over who live in the property. So if a daughter, niece or brother has moved in as a carer, this could help reduce future care costs. More importantly, many couples don't realise that they may be able to take the home out of the care equation altogether by altering the way in which it is owned.

Most couples buying a property do so as 'joint tenants'. This ensures that on the death of either party their share is automatically transferred to the other. However, it is possible to own a property as 'tenants in common'. This gives both parties the freedom to leave their share of the home to whoever they like.

If this is done, and half the home is passed on to the children on the death of the first spouse or placed into a trust on their behalf, then it is possible that the whole home may be disregarded at a later stage if the surviving spouse needs nursing care.

The home should also be disregarded if the care needs are classed as 'temporary'. If the value of your assets excluding your property is less than £23,000, you should not have to pay for care for the first 12 weeks. Even if your assets are more than this initially but are then used up paying care home fees, you should be able to apply for this 12-week disregard once they drop below the £23,000 limit.

It is important not to fall into the trap of simply giving your home away to your children. The local authority has the right to obtain assets that have been deliberately disposed of to avoid paying fees. However, the 'tenants-in-common' ownership does not fall under these rules because the gift is made only on death.

If your care needs are overwhelmingly medical and are deemed 'complex and unstable', you may qualify for NHS-funded 'Continuing Care', which means all bills are met in full, including residential costs. However, the strict eligibility criteria mean that few people qualify, and even those who do are reassessed regularly.

If their condition stabilises, their care costs will revert to local authority control, which means patients will be assessed for their ability to pay. But if a relative's condition worsens, you can ask for them

to be reassessed for Continuing Care. If you feel that a relative has been wrongly assessed, you can also appeal to your local social services.

Even those who have to pay their own care costs should ensure they receive the correct benefits. The main one is Attendance Allowance. It is not means-tested and pays a weekly tax-free amount, depending on your level of need. If you are receiving care in a nursing home, you should also be eligible for the Registered Nursing Care Contribution, paid in England. This is paid directly to the home and offsets the cost of your care.

In Scotland, those who need nursing care will also be paid a contribution towards personal care costs. However, those in Scotland do not claim Attendance Allowance as well. Many in Scotland still have to contribute sums towards long-term care costs.

Many families may still have to pay the majority of the care costs. There are a variety of options to consider, and professional advice should always be taken to evaluate which best suits your circumstances. The main options are:

**A deferred option scheme** - if your other assets are below the means test limit you can ask the local authority to pay care costs and they will place a charge on your property to be paid on your death. This potentially allows your estate to benefit from future property price rises, although in the current climate this may not be so relevant.

**A care fees annuity** - from the proceeds of the sale of the home you can buy an annuity to provide a guaranteed income. This means that the price of care is capped and protects the remaining capital. But for the relatives of those who die shortly after going into care it could prove a more costly option.

**Investment options** - many people choose to sell their home and invest the proceeds, using the income generated to help pay care fees. Alternatively the property may be rented, with the rental income going towards care. But this means that the family has to maintain and manage the property.

## TRUSTS

A gift-and-loan trust can be used to fund long-term care, with the added benefit of reducing Inheritance Tax on your estate. You place a small amount, such as £1,000, in trust and then lend a large sum, such as £100,000, to the trustees.

You may not benefit from the trust by law but you can have the loan repaid, typically at 5 per cent annually, which can then be used to pay for care fees. The trustees can invest the capital, and the aim is that it grows in value outside of your estate.

## EQUITY RELEASE

Even with recent falls in property prices, many elderly people may have significant equity in their homes. Equity-release schemes are loans against the value of their home, with interest deferred until the property is sold, normally on death.

Most lifetime mortgage schemes allow you to borrow between 20 per cent and 45 per cent of the property's value. Unlike selling the property to raise funds for care-home fees, you will still benefit if the housing market gains value and you can also keep your property. ■

**NEED MORE  
INFORMATION?**  
PLEASE CONTACT US  
WITH YOUR ENQUIRY.



“ Different policies cover one or a combination of healthcare options such as dental care, optical care, physiotherapy or stays in hospital. ”

# Health cash plans

## Providing cash sums towards everyday healthcare bills

Health cash plans and dental insurance can help with healthcare bills. They provide limited cash sums towards everyday healthcare bills. Different policies cover one or a combination of healthcare options such as dental care, optical care, physiotherapy or stays in hospital.

Some policies have age restrictions and will only cover you if you are under

a certain age (often 65). If you've had health problems in the past (pre-existing conditions), the cash plan may not pay out on certain types of healthcare. Some plans also apply qualifying periods, which means that they will not pay out towards any treatment undergone in the first few months of the policy. Dental insurance is a type of health cash plan that focuses

on dental care. Most of these pay for treatments such as crowns, root canal work, bridges and dentures up to an agreed maximum each year. If your teeth are in good health, you can also take out a capitation scheme where you pay a monthly fee in return for check-ups, regular treatment, X-rays and extractions. ■

**NEED MORE INFORMATION?**  
PLEASE CONTACT US WITH YOUR ENQUIRY.

# Inheritance tax planning

## Protecting your assets

Effective inheritance tax planning could save your beneficiaries thousands of pounds, maybe even hundreds of thousands depending on the size of your estate. At its simplest, inheritance tax (IHT) is the tax payable on your estate when you die if the value of your estate exceeds a certain amount.

IHT is currently paid on amounts above £325,000 (£650,000 for married couples and registered civil partnerships) for the current 2009/10 tax year, at a rate of 40 per cent. If the value of your estate, including your home and certain gifts made in the previous seven years, exceeds the IHT threshold, tax will be due on the balance at 40 per cent.

Without proper planning, many people could end up leaving a substantial tax liability on their death, considerably reducing the value of the estate passing to their chosen beneficiaries. Your estate includes everything owned in your name, the share of anything owned jointly, gifts from which

you keep back some benefit (such as a home given to a son or daughter but in which you still live) and assets held in some trusts from which you receive an income.

Against this total value is set everything that you owed, such as any outstanding mortgages or loans, unpaid bills and costs incurred during your lifetime for which bills have not been received, as well as funeral expenses.

Any amount of money given away outright to an individual is not counted for tax if the person making the gift survives for seven years. These gifts are called 'potentially exempt transfers' and are useful for tax planning.

Money put into a 'bare' trust (a trust where the beneficiary is entitled to the trust fund at age 18) counts as a potentially exempt transfer, so it is possible to put money into a trust to prevent grandchildren, for example, from having access to it until they are 18.

However, gifts to most other types of trust will be treated as chargeable lifetime transfers. Chargeable lifetime transfers up to the threshold are not subject to tax but amounts over this are taxed at 20 per cent with a further 20 per cent payable if the person making the gift dies within seven years.

Some cash gifts are exempt from tax regardless of the seven-year rule. Regular gifts from after-tax income, such as a monthly payment to a family member, are also exempt as long as you still have sufficient income to maintain your standard of living.

Any gifts between husbands and wives, or registered civil partners, are exempt from IHT whether they were made while both partners were still alive or left to the survivor on the death of the first. Tax will be due eventually when the surviving spouse or civil partner dies if the value of their estate is more than the combined tax threshold, currently £650,000.

If gifts are made that affect the liability to IHT and the giver dies less than seven years later, a special relief known as 'taper relief' may be available. The relief reduces the amount of tax payable on a gift.

In most cases, IHT must be paid within six months from the end of the month in which the death occurs. If not, interest is charged on the unpaid amount. Tax on some assets, including land and buildings, can be deferred and paid in instalments over ten years. However, if the asset is sold before all the instalments have been paid, the outstanding amount must be paid. The IHT threshold in force at the time of death is used to calculate how much tax should be paid. ■

**NEED MORE INFORMATION?**  
PLEASE CONTACT US  
WITH YOUR ENQUIRY.

# Financial reasons to make a will

## Putting it off could mean that your spouse receives less

It's easy to put off making a will. But if you die without one, your assets may be distributed according to the law rather than your wishes. This could mean that your spouse receives less, or that the money goes to family members who may not need it.

There are lots of good financial reasons for making a will:

- you can decide how your assets are shared out - if you don't make a will, the law says who gets what
- if you aren't married or in a civil partnership (whether or not it's a same sex relationship) your partner will not inherit automatically, so you can make sure your partner is provided for
- if you're divorced or if your civil partnership has been dissolved you can decide whether to leave anything to an ex-partner who is living with someone else
- you can make sure you don't pay more Inheritance Tax (IHT) than necessary

If you and your spouse or civil partner own your home as 'joint tenants', then the surviving spouse or civil partner automatically inherits all of the property.

If you are 'tenants in common' you each own a proportion (normally half) of the property and can pass that half on as you want.

A solicitor will be able to help you should you want to change the way you own your property.

### PLANNING TO GIVE YOUR HOME AWAY TO YOUR CHILDREN WHILE YOU'RE STILL ALIVE

You also need to bear in mind, if you are planning to give your home away to your children while you're still alive, that:

- gifts to your children, unlike gifts to your spouse or civil partner, aren't exempt from IHT unless you live for seven years after making them
- if you keep living in your home without paying a full market rent (which your children pay tax on) it's not an 'outright gift' but a 'gift with reservation', so it's still treated as part of your estate, and so liable for IHT
- following a change of rules on 6 April 2005, you may be liable to pay an Income Tax charge on the 'benefit' you get from having free or low cost use of property you formerly owned (or

provided the funds to purchase)

- once you have given your home away, your children own it and it becomes part of their assets. So if they are bankrupted or divorced, your home may have to be sold to pay creditors or to fund part of a divorce settlement
- if your children sell your home, and it is not their main home, they will have to pay Capital Gains Tax on any increase in its value

If you don't have a will there are rules for deciding who inherits your assets, depending on your personal circumstances. The following rules are for deaths on or after 1 July 2009 in England and Wales; the law differs if you die intestate (without a will) in Scotland or Northern Ireland.

### IF YOU'RE MARRIED OR IN A CIVIL PARTNERSHIP AND THERE ARE NO CHILDREN

**The husband, wife or civil partner won't automatically get everything, although they will receive:**

- personal items, such as household articles and cars, but nothing used for business purposes

- half of the rest of the estate

**The other half of the rest of the estate will be shared by the following:**

- surviving parents
- if there are no surviving parents, any brothers and sisters (who shared the same two parents as the deceased) will get a share (or their children if they died while the deceased was still alive)
- if the deceased has none of the above, the husband, wife or registered civil partner will get everything

**IF YOU'RE MARRIED OR IN A CIVIL PARTNERSHIP AND THERE ARE CHILDREN**

**Your husband, wife or civil partner won't automatically get everything, although they will receive:**

- personal items, such as household articles and cars, but nothing used for business purposes
- a life interest in half of the rest of the estate (on his or her death this will pass to the children)

The rest of the estate will be shared by the children.

**IF YOU ARE PARTNERS BUT AREN'T MARRIED OR IN A CIVIL PARTNERSHIP**

If you aren't married or registered civil partners, you won't automatically get a share of your partner's estate if they die without making a will.

If they haven't provided for you in some other way, your only option is to make a claim under the Inheritance (Provision for Family and Dependants) Act 1975.

**IF THERE IS NO SURVIVING SPOUSE/CIVIL PARTNER**

**The estate is distributed as follows:**

- to surviving children in equal shares (or to their children if they died while the deceased was still alive)
- if there are no children, to parents (equally, if both alive)
- if there are no surviving parents, to brothers and sisters (who shared the same two parents as the deceased), or to their children if they died while the deceased was still alive
- if there are no brothers or sisters then to half brothers or sisters (or to their children if they died while the deceased was still alive)
- if none of the above then to grandparents (equally if more than one)
- if there are no grandparents to aunts and uncles (or their children if they died while the deceased was still alive)

- if none of the above, then to half uncles or aunts (or their children if they died while the deceased was still alive)
- to the Crown if there are none of the above

It'll take longer to sort out your affairs if you don't have a will. This could mean extra distress for your relatives and dependants until they can draw money from your estate.

If you feel that you have not received reasonable financial provision from the estate, you may be able to make a claim under the Inheritance (Provision for Family and Dependants) Act 1975, applicable in England and Wales. To make a claim you must have a particular type of relationship with the deceased, such as child, spouse, civil partner, dependant or cohabitee.

Bear in mind that if you were living with the deceased as a partner but weren't married or in a civil partnership, you'll need to show that you've been 'maintained either wholly or partly by the deceased'. This can be difficult to prove if you've both contributed to your life together. You need to make a claim within six months of the date of the Grant of Letters of Administration. ■

**NEED MORE INFORMATION?**  
PLEASE CONTACT US WITH YOUR ENQUIRY.



# Minimising an Inheritance Tax liability

## Passing assets to beneficiaries using a trust

You may decide to use a trust to pass assets to beneficiaries, particularly those who aren't immediately able to look after their own affairs. If you do use a trust to give something away, this removes it from your estate provided you don't use it or get any benefit from it. But bear in mind that gifts into trust may be liable to Inheritance Tax (IHT).

Trusts offer a means of holding and managing money or property for people who may not be ready or able to manage it for themselves. Used in conjunction with a will, they can also help ensure that your assets are passed on in accordance with your wishes after you die. Here we take a look at the main types of UK family trust.

When writing a will, there are several kinds of trust that can be used to help minimise an IHT liability. On 22 March 2006 the government changed some of the rules regarding trusts and introduced some transitional rules for trusts set up before this date.

**A trust might be created in various circumstances, for example:**

- when someone is too young to handle their affairs
- when someone can't handle their affairs because they're incapacitated
- to pass on money or property while you're still alive
- under the terms of a will
- when someone dies without leaving a will (England and Wales only)

### WHAT IS A TRUST?

A trust is an obligation binding a person called a trustee to deal with property in a particular way for the benefit of one or more beneficiaries'.

### SETTLOR

The settlor creates the trust and puts property into it at the start, often adding more later. The settlor says in the trust deed how the trust's property and income should be used.

### TRUSTEE

Trustees are the 'legal owners' of the trust property and must deal with it in the way set out in the trust deed. They also administer the trust. There can be one or more trustees.

### BENEFICIARY

This is anyone who benefits from the property held in the trust. The trust deed may name the beneficiaries individually or define a class of beneficiary, such as the settlor's family.

### TRUST PROPERTY

This is the property (or 'capital') that is put into the trust by the settlor. It can be anything, including:

- land or buildings
- investments
- money
- antiques or other valuable property

### The main types of private UK trust

#### BARE TRUST

In a bare trust the property is held in the trustee's name but the beneficiary can take actual possession of both the income and trust property whenever they want. The beneficiaries are named and cannot be changed.

You can gift assets to a child via a bare trust while you are alive, which will be treated as a Potentially Exempt Transfer (PET) until the child reaches

age 18 (the age of majority in England and Wales), when the child can legally demand his or her share of the trust fund from the trustees.

All income arising within a bare trust in excess of £100 per annum will be treated as belonging to the parents (assuming that the gift was made by the parents). But providing the settlor survives seven years from the date of placing the assets in the trust, the assets can pass Inheritance Tax free to a child at age 18.

#### LIFE INTEREST OR INTEREST IN POSSESSION TRUST

In an interest in possession trust the beneficiary has a legal right to all the trust's income (after tax and expenses), but not to the property of the trust.

These trusts are typically used to leave income arising from a trust to a second surviving spouse for the rest of their life. On their death, the trust property reverts to other beneficiaries (known as the remaindermen), who are often the children from the first marriage.

You can, for example, set up an interest in possession trust in your will. You might then leave the income from the trust property to your spouse for life and the trust property itself to your children when your spouse dies.

With a life interest trust, the trustees often have a 'power of appointment', which means they can appoint capital to the beneficiaries (who can be from within a widely defined class, such as the settlor's extended family) when they see fit.

Where an interest in possession trust was in existence before 22 March 2006, the underlying capital is treated as belonging to the beneficiary or beneficiaries for IHT purposes, for example, it has to be included as part of their estate.

#### **Transfers into interest in possession trusts after 22 March 2006 are taxable as follows:**

- 20 per cent tax payable based on the amount gifted into the trust at the outset, which is in excess of the prevailing nil rate band
- ten years after the trust was created, and on each subsequent ten-year anniversary, a periodic charge, currently 6 per cent, is applied to the portion of the trust assets that is in excess of the prevailing nil rate band
- the value of the available nil rate band on each ten-year anniversary may be reduced, for instance, by the initial amount of any new gifts put into the trust within seven years of its creation

There is also an exit charge on any distribution of trust assets between each ten-year anniversary.

#### **DISCRETIONARY TRUST**

The trustees of a discretionary trust decide how much income or capital, if any, to pay to each of the beneficiaries but none has an automatic right to either. The trust can have a widely defined class of beneficiaries, typically the settlor's extended family.

Discretionary trusts are a useful way to pass on property while the settlor is still alive and allows the settlor to keep some control over it through the terms of the trust deed.

Discretionary trusts are often used to gift assets to grandchildren, as the flexible nature of these trusts allows the settlor to wait and see how they turn out before making outright gifts.

Discretionary trusts also allow for changes in circumstances, such as divorce, re-marriage and the arrival of children and stepchildren after the establishment of the trust.

When any discretionary trust is wound up, an exit charge is payable of up to 6 per cent of the value of the remaining assets in the trust, subject to the reliefs for business and agricultural property.

#### **ACCUMULATION AND MAINTENANCE TRUST**

An accumulation and maintenance trust is used to provide money to look after children during the age of minority. Any income that isn't

spent is added to the trust property, all of which later passes to the children.

In England and Wales the beneficiaries become entitled to the trust property when they reach the age of 18. At that point the trust turns into an 'interest in possession' trust. The position is different in Scotland, as, once a beneficiary reaches the age of 16, they could require the trustees to hand over the trust property.

Accumulation and maintenance trusts that were already established before 22 March 2006, and where the child is not entitled to access the trust property until an age up to 25, could be liable to an IHT charge of up to 4.2 per cent of the value of the trust assets.

It has not been possible to create accumulation and maintenance trusts since 22 March 2006 for IHT purposes. Instead, they are taxed for IHT as discretionary trusts.

#### **MIXED TRUST**

A mixed trust may come about when one beneficiary of an accumulation and maintenance trust reaches 18 and others are still minors. Part of the trust then becomes an interest in possession trust.

#### **TRUSTS FOR VULNERABLE PERSONS**

These are special trusts, often discretionary trusts, arranged for a beneficiary who is mentally or physically disabled. They do not suffer from the IHT rules applicable to standard discretionary

trusts and can be used without affecting entitlement to state benefits; however, strict rules apply.

#### **TAX ON INCOME FROM UK TRUSTS**

Trusts are taxed as entities in their own right. The beneficiaries pay tax separately on income they receive from the trust at their usual tax rates, after allowances.

#### **TAXATION OF PROPERTY SETTLED ON TRUSTS**

How a particular type of trust is charged to tax will depend upon the nature of that trust and how it falls within the taxing legislation. For example, a charge to IHT may arise when putting property into some trusts, and on other chargeable occasions – for instance, when further property is added to the trust, on distributions of capital from the trust or on the ten-yearly anniversary of the trust. ■

**TRUSTS ARE VERY COMPLICATED, AND YOU MAY HAVE TO PAY IHT AND/OR CAPITAL GAINS TAX WHEN PUTTING PROPERTY INTO THE TRUST. IF YOU WANT TO CREATE A TRUST YOU SHOULD SEEK PROFESSIONAL ADVICE.**

**NEED MORE INFORMATION?**  
PLEASE CONTACT US WITH YOUR ENQUIRY.



# Business protection

## Protecting key employees

Many businesses recognise the need to insure their company property, equipment and fixed assets. However, they continually overlook their most important assets – the people who drive the business, for example, a key employee, director or shareholder.

Key person insurance is designed to compensate a business for the financial loss brought about by the death or critical illness of a key employee, such as a company director. It can provide a valuable cash injection to the business to aid a potential loss of turnover and to provide funds to replace the key person.

Share or partnership protection provides an agreement between shareholding directors or partners in a business, supported by life assurance. It is designed to ensure that the control of the business is retained by the remaining

partners or directors, but the value of the deceased's interest in the business is passed to their chosen beneficiaries in the most tax-efficient manner possible.

The above are essential areas for partnerships or directors of private limited companies to explore. We can help you to determine the level of cover you may need, discuss any necessary trust arrangements that could be required and provide appropriate agreements for you to use.

If a shareholding director or partner were to die, the implications for your business could be very serious indeed. Not only would you lose their experience and expertise, but consider too what might happen to their shares.

The shares might pass to someone who has no knowledge or interest in your business. Or you may discover that you can't afford to buy

the shareholding. It's even possible that the person to whom the shares are passed then becomes a majority shareholder and so is in a position to sell the company.

An appropriate legal agreement should be in place which would give the other directors or partners the right to buy the shares and gives the person to whom the shares have been passed the right to sell those shares to the remaining directors or partners.

To protect against these eventualities, each director or partner could take out a life insurance policy to cover a specified amount.

### DIFFERENT FORMS OF PROTECTION

**Key person insurance** - compensates your business up to a pre-agreed limit for the loss or unavoidable absence of crucial personnel,

including the owner-manager. It is especially appropriate if your business depends on a few employees.

**Critical illness cover** - pays a sum of money to specific employees or the business owner in the event of a serious illness such as a heart attack or stroke.

**Income protection insurance** - protects individuals by paying their salaries while they're unable to work.

**Private health insurance** - funds private healthcare for specific employees. As well as being an extra benefit of employment, it could help them to return to work more quickly after an illness by paying for rehabilitation treatment. ■

**NEED MORE INFORMATION?**  
PLEASE CONTACT US  
WITH YOUR ENQUIRY.

# Financial protection for you and your family

With the abundance of choice, we can help you make the right decisions

With so many different protection options available, making the right decision to protect your personal and financial situation can seem overwhelming. There is a plethora of protection solutions which could help ensure that a lump sum, or a replacement income, becomes available to you in the event that it is needed.

We can make sure that you are able to take the right decisions to deliver peace of mind for you and your family in the event of death, if you are too ill to work, require care or if you are diagnosed with a critical illness.

Protecting your financial plan	
<b>WHOLE-OF-LIFE</b>	Provides a guaranteed lump sum paid to your estate in the event of your premature death. To avoid Inheritance Tax and probate delays, policies should be set up under an appropriate trust.
<b>LEVEL TERM</b>	Provides a lump sum for your beneficiaries in the event of your death over a specified term. You choose the sum insured and the policy term which is guaranteed at the outset and remains unchanged throughout the term.
<b>FAMILY INCOME BENEFIT</b>	Provides a replacement income for beneficiaries on your premature death. In the event of a claim, income can be paid monthly, quarterly or annually and under current rules the income is tax-free.
<b>DECREASING TERM</b>	Provides a lump sum in the event of your premature death to cover a reducing liability for a fixed period, such as a repayment mortgage.
<b>CRITICAL ILLNESS</b>	Provides a tax-free lump sum if you are diagnosed with suffering from one of a number of specified 'critical' illnesses during the term. Some life assurance companies offer to cover you for both death and critical illness and will pay out the guaranteed benefit on the first event to occur.
<b>INCOME PROTECTION</b>	Insurance that provides a percentage of your lost income caused by an illness, accident or disability. Rates vary according to the dangers associated with your occupation, age, state of health and gender.
<b>LONG-TERM CARE</b>	Insurance to cover the costs of care. This can be either immediate care, provided when you actually need care, or pre-funded care, which is provided in advance in case you need care in the future.
<b>ACCIDENT, SICKNESS AND UNEMPLOYMENT</b>	Insurance that can be taken out for any purpose to protect your income and to give you peace of mind. The benefits only pay for 12 to 24 months on a valid claim if you have an accident, or become ill or unemployed.
<b>PRIVATE MEDICAL</b>	Covers you for private medical treatment. You can also choose to include extra cover, such as dental cover. You may select the hospitals where you would want to be treated close to home.

All these protection options also apply to your spouse and to those who are in civil partnerships.

Choosing the right mix of financial protection for your particular situation is essential to ensure that your specific requirements are fully covered. ■

# Glossary

## The language of protection

### **ASSURED**

A person or persons who are insured under the terms of a protection policy.

### **CONVERTIBLE TERM ASSURANCE**

A term assurance plan that gives the owner the option to convert the policy to a whole-of-life contract or endowment, without the need for medical checks.

### **CRITICAL ILLNESS COVER**

Critical illness cover is an insurance plan that pays out a guaranteed tax-free cash sum if you're diagnosed as suffering from a critical illness covered by the plan. There is no payment if you die. You can take out the plan on your own or with someone else. For joint policies the cash sum is normally payable only once, on the first claim.

### **DECREASING TERM ASSURANCE**

A term assurance plan designed to reduce its cover each year, decreasing to nil at the end of term. Decreasing term assurance cover is most commonly used to cover a reducing debt or repayment mortgage.

### **DEFERRED PERIOD**

A period of delay prior to payment of benefits under a protection policy. Periods are normally 4, 13, 26 or 52 weeks, the longer the period the cheaper the premium.

### **FAMILY INCOME BENEFIT**

A term assurance policy that pays regular benefits on death to the end of the plan term.

### **GUARANTEED PREMIUMS**

This means the premiums are guaranteed to remain the same for the duration of the plan, unless you increase the amount of cover via 'indexation'.

### **INCOME PROTECTION**

This insurance provides you with a regular tax-free income if, by reason of sickness or accident, you are unable to work, resulting in a loss of earnings. Income Protection is also known as Permanent Health Insurance (PHI).

### **INDEXATION**

You can arrange for your insurance benefit and premiums to increase annually in line with inflation or at a fixed percentage. Premiums are normally increased in line with RPI (Retail

Prices Index) or NAEI (National Average Earnings Index).

### **INSURABLE INTEREST**

A legally recognised interest enabling a person to insure another. The insured must be financially worse off on the death of the life assured.

### **JOINT LIFE SECOND DEATH**

A policy that will only pay out when the last survivor of a joint life policy dies.

### **KEY PERSON INSURANCE**

Insurance against the death or disability of a person who is vital to the profitability of a business.

### **LEVEL TERM ASSURANCE**

A life assurance policy that pays out a fixed sum on the death of the life assured within the plan term. No surrender value is accumulated.

### **LIFE ASSURED**

The person whose life is insured against death under the terms of a policy.

### **LIFE INSURANCE**

An insurance plan that pays out a guaranteed cash sum if

you die during the term of the plan. Some term assurance plans also pay out if you are diagnosed as suffering from a terminal illness. You can take out the plan on your own or with someone else. For joint life insurance policies the cash sum is normally payable only once, on the first claim.

### **LONG-TERM CARE**

Insurance to cover the cost of caring for an individual who cannot perform a number of activities of daily living, such as dressing or washing.

### **MORTGAGE PROTECTION**

'Mortgage life assurance' or 'repayment mortgage protection' is an insurance plan to cover your whole repayment mortgage, or just part of it. The policy pays out a cash sum to meet the reducing liability of a repayment mortgage. You can take out the policy on your own or with someone else. For joint policies the cash sum is normally payable only once, on the first claim.

### **PAID-UP PLAN**

A policy where contributions have ceased and any benefits accumulated are preserved.



### **PERMANENT HEALTH INSURANCE**

Cover that provides a regular income until retirement should you be unable to work due to illness or disability. Also known as Income Protection.

### **RENEWABLE TERM ASSURANCE**

An ordinary term assurance policy with the option to renew the plan at expiry without the need for further medical evidence.

### **REVIEWABLE PREMIUMS**

Plans with reviewable premiums are usually cheaper initially. However, the premiums are reviewed regularly and can increase substantially.

### **SURRENDER VALUE**

The value of a life policy if it

is encashed before a claim due to death or maturity.

### **SUM ASSURED**

The benefit payable under a life assurance policy.

### **TERM ASSURANCE**

A life assurance policy that pays out a lump sum on the death of the life assured within the term of the plan.

### **TERMINAL ILLNESS**

Some life policies include this benefit free of charge and this means the life assurance benefit will be paid early if you suffer from a terminal illness.

### **TOTAL PERMANENT DISABILITY COVER**

Also known as Permanent Health Insurance or Income Protection and sometimes

available as part of a life assurance policy, this pays out the benefit of a policy if you are unable to work due to illness or disability.

### **TRUSTS**

Many insurance companies supply trust documents when arranging your policy. Placing your policy in an appropriate trust usually speeds up the payment of proceeds to your beneficiaries and may also assist with Inheritance Tax mitigation.

### **WAIVER OF PREMIUM**

If you are unable to work through illness or accident for a number of months, this option ensures that your cover continues without you having to pay the policy premiums.

### **WHOLE-OF-LIFE**

Unlike term assurance, whole-of-life policies provide life assurance protection for the life of the assured individual(s). Cover may be provided for a fixed sum assured on premium terms established at the outset. Alternatively, flexible terms are available that permit increases in cover once the policy is in force, within certain pre-set limits, to reflect changing personal circumstances. ■

**NEED MORE INFORMATION?**  
PLEASE CONTACT US  
WITH YOUR ENQUIRY.

Content of the articles featured in this 'A Guide to Protection Planning' is for your general information and use only and is not intended to address your particular requirements. They should not be relied upon in their entirety and shall not be deemed to be, or constitute, advice. Although endeavours have been made to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No individual or company should act upon such information without receiving appropriate professional advice after a thorough examination of their particular situation. We cannot accept responsibility for any loss as a result of acts or omissions taken in respect of any articles. Thresholds, percentage rates and tax legislation may change in subsequent Finance Acts.